



DEFENSE LOGISTICS AGENCY
DEFENSE LOGISTICS SUPPORT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FORT BELVOIR, VIRGINIA 22060-6221

JAN 27 1999

REPLY
REFER TO

Dear Industry Survey Participant,

In accordance with Section 350 of the Fiscal Year 1999 Defense Authorization Act (attached), the Secretary of Defense, through the Defense Logistics Agency (DLA), is performing a review of the functions of the Defense Automated Printing Service (DAPS). KPMG LLP, an independent accounting and consulting firm, has been contracted by DLA to perform this review. One of the requirements of the legislation is to identify the DAPS functions which might be appropriate for transfer to a commercial or other governmental entity.

KPMG has created the attached DAPS organization profile to provide survey participants a functional overview of DAPS as well as a survey to ascertain the ability of printing and document automation entities to perform DAPS-like functions. The goal of this survey is to collect information that will satisfy the requirements of the legislation. We would appreciate your assistance and participation in completing the 30 question customer survey and request that completed customer surveys be faxed to (703) 339-9669 by January 29, 1999.

If you have any questions concerning the completion of the survey, please contact the KPMG point of contact, Art Crowley (703) 541-3723. We would greatly appreciate your participation.

Sincerely,

A handwritten signature in cursive script, reading "Frederick N. Baillie", is positioned above the printed name.

FREDERICK N. BAILLIE
Executive Director
Resource, Planning and Performance
Directorate

Attachments

1. Section 350 of the National Defense Authorization Act for Fiscal Year 1999
2. DAPS Organization Profile
3. Survey



2001 M Street, N.W.
Washington, DC 20036

January 27, 1999

Dear Survey Respondent,

KPMG has been contracted to undertake a functional review of the Defense Automated Printing Service. One goal of the review is to compare DAPS performance with that of the printing and document automation industry and other government printing and document automation entities.

We would appreciate your company's participation in this effort by completing the attached survey by January 29, 1999. Your participation will enable the Department of Defense to identify functional areas that are candidates for streamlining. Responses can be faxed to Art Crowley at KPMG (703-339-9669).

KPMG follows the International Benchmarking Clearinghouse Code of Conduct and therefore will not associate any individual company names with their data in reports shared outside of KPMG. KPMG takes its responsibility of confidentiality very seriously.

If you have any questions or comments, or would like to discuss the survey and its use in more detail, please feel free to call either Art Crowley at 703-541-3723 or myself at 703-541-3717. We look forward to your participation.

Very truly yours,

KPMG LLP

A handwritten signature in dark ink, appearing to read "J.M. Geiger", written over a horizontal line.

J.M. Geiger, Principal



Attachment 1 – Section 350 of the National Defense Authorization Act for Fiscal Year 1999

SEC. 350. REVIEW OF DEFENSE AUTOMATED PRINTING SERVICE FUNCTIONS.

(a) **REVIEW REQUIRED.**—The Secretary of Defense shall provide for a review of the functions of the Defense Automated Printing Service in accordance with this section and shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives the matters required under subsection (f) not later than March 31, 1999.

(b) **PERFORMANCE BY INDEPENDENT ENTITY.**—The Secretary of Defense shall select the General Accounting Office, an experienced entity in the private sector, or any other entity outside the Department of Defense to perform the review under this section. The Comptroller General shall perform the review if the Secretary selects the Comptroller General to do so.

(c) **CONSULTATION.**—Regardless of the entity selected by the Secretary under subsection (b) to perform the review, the entity

shall perform the review in consultation with persons in the private sector who have expertise and experience in performing in the private sector functions similar to the functions performed by the Defense Automated Printing Service. If such a person obtains any privileged information (as defined by the Secretary of Defense) as a result of participating in the review, the person may not receive a contract, either through the Department of Defense or the Government Printing Office, to provide services for the Department of Defense similar to the functions performed by the Defense Automated Printing Service for a one-year period beginning on the date the report is submitted to the Secretary of Defense under subsection (e).

(d) ELEMENTS OF REVIEW.—In performing the review under this section, the entity selected under subsection (b) shall specifically address the following:

(1) The functions performed by the Defense Automated Printing Service.

(2) The functions of the Defense Automated Printing Service that are inherently national security functions and, as such, need to be performed within the Department of Defense.

(3) The functions of the Defense Automated Printing Service that are appropriate for transfer to another appropriate entity to perform, including a private sector entity.

(4) The appropriate management structure of the Defense Automated Printing Service, the effectiveness of the current structure of the Defense Automated Printing Service in supporting current and future customer requirements, and any plans to address any deficiencies in supporting such requirements.

(5) The current and future requirements of customers of the Defense Automated Printing Service.

(6) The best business practices that are used by the Defense Automated Printing Service and other best business practices that could be used by the Defense Automated Printing Service.

(7) Options for maximizing the Defense Automated Printing Service structure and services to provide the most cost effective service to its customers.

(e) REPORT ON RESULTS OF REVIEW.—The entity performing the review under this section shall submit to the Secretary of Defense a report that sets forth the results of the review. In addition to specifically addressing the matters specified in subsection (d), the report shall also include the following:

(1) A list of all sites where functions of the Defense Automated Printing Service are performed by the Defense Automated Printing Service.

(2) The total number of the personnel employed by the Defense Automated Printing Service and the locations where the personnel perform the duties as employees.

(3) For each site identified under paragraph (1), an assessment of each type of equipment at the site.

(4) The types and explanation of the networking and technology integration linking all of the sites referred to in paragraph (1).

(5) For each function of the Defense Automated Printing Service determined to be an inherently national security function under subsection (d)(2), a detailed justification for the determination.

(6) For each function of the Defense Automated Printing Service determined to be appropriate for transfer under subsection (d)(3), a detailed assessment of the costs or savings associated with the transfer.

(f) REVIEW AND COMMENTS OF SECRETARY OF DEFENSE.—(1) After reviewing the report submitted under subsection (e), the Secretary of Defense shall submit the report to Congress. The Secretary shall include with the report the following:

(1) The Secretary's comments and recommendations regarding the report.

(2) A plan to transfer to another appropriate entity, or contract with another appropriate entity for, the performance of the functions of the Defense Automated Printing Service that—

(A) are not identified in the review as being inherently national security functions; and

(B) the Secretary believes should be transferred or contracted for performance outside the Department of Defense in accordance with law.

(3) Any recommended legislation and any administrative action that is necessary for transferring or contracting for the performance of the functions.

(g) EXTENSION OF REQUIREMENT FOR COMPETITIVE PROCUREMENT OF SERVICES.—Section 351(a) of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 266), as amended by section 351(a) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2490) and section 387(a)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 1713), is further amended by striking out "1998" and inserting in lieu thereof "1999".

Attachment 2 - DAPS Organization Profile

The Defense Automated Printing Service (DAPS), a component of the Defense Logistics Agency, is responsible for providing printing, reproduction, and document automation services to the Department of Defense. DAPS consists of over 300 locations in 15 countries plus a headquarters component. DAPS locations are typically co-located with military bases and provide support almost entirely to military customers although they also provide support to the White House and General Services Administration. DAPS' revenues for fiscal year 1998 were \$387 million. Additional information is available on DAPS' web site (www.daps.mil).

Description of DAPS Functions

DAPS primary services include electronic printing and duplication, document automation, copier contract management, and acting as a conduit to the Government Printing Office for commercially outsourced printing. DAPS' accounting system collects costs using seven departments that are described below:

1. **Document Automation** - Includes desktop publishing (i.e. revisions, forms creation, proofing), data scanning and conversion, web page design, and digital products (CD-ROM).
2. **Electronic Output** - Includes mainframe, high volume, and low volume electronic output, Leave and Earning Statement (LES) production, preparation for electronic printing, post-printing bindery operations, and paper. Also included in this department is the Standardization Program which inputs and archives files (e.g. specifications, technical manuals, subscriptions, etc.) and print on demand capability allowing customers to print documents when needed.
3. **Offset Duplicating / Printing** - Includes offset duplication and printing preparation, offset printing and duplication (performed primarily outside of the continental United States), silkscreening, post printing folding/collating and bindery operations, paper, and packaging.
4. **Reproduction** - Includes producing engineering drawings, color copies, and color printouts.
5. **Microfiche** - Includes the production of microfiche and aperture cards.
6. **Outsourcing** - Includes the management of orders outsourced through the Government Printing Office and quantity contracts for copiers and multifunctional devices.
7. **Miscellaneous Processes / Projects** - Includes services and supplies for addressing, mailing, and delivery of products. Also included are the production of metal photo plates, specialty target paper, and lamination services.

Attachment 3 – DAPS Functional Review Survey

Please answer the following questions pertaining to your company (questions 1-12) and any of the remaining questions which are applicable to your company. A matrix is available in a separate file which demonstrates how the information you provide (without company names) will be displayed to the Defense Logistics Agency.

The questions specify work performed on-site or off-site. For the purposes of this survey, on-site work refers to services you provide at a customer location using the customer's facilities (including customer-provided utilities and real estate but your own equipment, supplies, and personnel). Assume that work to be performed on-site will be distributed throughout DAPS' 300+ locations. Off-site work refers to services you provide at your own location using your own facilities, equipment, supplies, and personnel.

Many questions ask for the price you would charge a customer per page. For this survey, a page is defined as an impression on 1 side of an 8 ½" x 11" plain white paper page. Do not include the cost of the paper in your price.

Your Organization

Please answer questions 1-12 as they pertain to your organization

1. How many people (full-time and temporary) are employed by your company? How many people are employed to perform DAPS-like services?

Your company's total number of employees:

Your company's total number of employees performing DAPS-like services:

2. What are your annual revenues? What are your annual revenues for DAPS-like services? What is your annual revenue growth rate over the past three years for providing DAPS-like services?

Your company's annual revenues:

Your company's annual revenues for DAPS-like services:

Your company's annual revenue growth rate for DAPS-like services:

3. How many plants / operating locations does your company have?
4. Who are your competitors and how do they compete (i.e. price, quality, timeliness, value-added)?
5. What are the most important criteria your customers use to select you?
6. What are the growth trends and drivers of demand in this market?
7. What new technologies are having a big impact on your industry? How are you adapting your company to leverage these new technologies?
8. Do you measure customer satisfaction? If yes, how? What are the results?
9. Do you perform capacity planning? What is your methodology? How do you measure performance?

10. How do you measure electronic output capacity? How do you measure electronic output utilization? What is your electronic output capacity and utilization?
11. Does your company have a pricing guide for the services listed below? If so, please provide a copy.
12. What are the compelling reasons to do work on-site versus off-site?

Document Automation

For this survey, document automation refers to desktop publishing (i.e. revisions, forms creation, proofing), data scanning and conversion, web page design, and digital products (CD-ROM). If your organization provides document automation services, please answer questions 13-18. For questions 13-18, assume a 2-4 day turnaround requirement.

13. What price per page does your organization charge your clients for desktop publishing based on a total quantity of 10,000 – 15,000 pages per year?

Work performed primarily on-site:

Work performed primarily off-site:

14. What price per page does your organization charge your clients for conversion of hard copy pages to electronic print-ready format (typically PDF) based on an average job size of 15,000 and total quantity of 6.5 million pages per year?

Work performed primarily on-site:

Work performed primarily off-site:

15. What price per page does your organization charge your clients for conversion of electronic format files (SYSOUT data from mainframe) to other digital formats (including PDF) based on an average job size of 240,000 pages and total quantity of 11 million pages per year?

Work performed primarily on-site:

Work performed primarily off-site:

16. What price per labor hour does your organization charge your clients for web page development based on a total quantity of 250 - 500 labor hours per year?

Work performed primarily on-site:

Work performed primarily off-site:

17. What price per CD-ROM does your organization charge your clients for production of first unit CD-ROMs (with index) from customer's digital data based on a total quantity of 2,000 - 2,500 CD-ROMs per year?

Work performed primarily on-site:

Work performed primarily off-site:

18. What price per CD-ROM does your organization charge your clients for reproduction of CD-ROMs from the original unit produced in question 17 based on an average job size of 50 - 75 and total quantity of 65,000 - 70,000 CD-ROMs per year?

Work performed primarily on-site:

Work performed primarily off-site:

Electronic Output

For this survey, electronic output refers to mainframe, large volume, and high volume electronic output, Leave and Earning Statement (LES) production, preparation for electronic printing, and post-printing bindery operations. For questions 20-21, assume an annual quantity of 2.3 billion pages for large volume electronic output with varying turnaround time requirements. If your organization provides electronic output services, please answer questions 19-25.

19. What price per page does your organization charge your clients for production of small volume (4,000 – 9,000 pages) 8 ½ x 11 output (including print on demand) based on a quantity of 1 billion pages per year? Assume limited / minimal pre-flight work and on-line binding and no packaging / delivery are required. Please provide a cost assuming a 1 day turnaround requirement and 2-4 day turnaround requirement.

Primarily on-site 1 day turnaround price:

Primarily off-site 1 day turnaround price:

Primarily on-site 2-4 day turnaround price:

Primarily off-site 2-4 day turnaround price:

20. What price per page does your organization charge your clients for production of large volume (50,000 – 250,000 pages) 8 ½ x 11 output from disk or hard copy? Assume limited / minimal pre-flight work and on-line binding and no packaging / delivery are required. Please provide a cost assuming a 1 day turnaround requirement and 2-4 day turnaround requirement.

Primarily on-site 1 day turnaround price:

Primarily off-site 1 day turnaround price:

Primarily on-site 2-4 day turnaround price:

Primarily off-site 2-4 day turnaround price:

21. What price per page does your organization charge your clients for production of large volume (50,000 – 250,000 pages) 8 ½ x 11 output from a mainframe source? Assume limited / minimal pre-flight work and on-line binding and no packaging /

